Hard_EnglishPassage_3021
Economic Liberalization and Foreign Investment

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The economic trajectory of modern India witnessed a spectacular and irreversible 80
paradigm shift with the introduction of the historic industrial policy resolution on July 170
24, 1991. Prior to this watershed moment, the national economy was heavily insulated 255
from global markets, operating under a highly restrictive regulatory framework 334
commonly referred to as the "License Raj." This protectionist approach, characterized 420
by steep import tariffs, strict industrial licensing, and massive state intervention, 506
ultimately culminated in a severe balance-of-payments crisis, pushing the country to 591
the brink of a sovereign financial default. Faced with depleting foreign exchange 673
reserves that could barely cover three weeks of essential imports, the government 755
initiated a comprehensive program of macroeconomic stabilization and structural 835
reforms. By systematically dismantling bureaucratic hurdles, devaluing the currency, 920
and actively encouraging Foreign Direct Investment (FDI), the nation successfully 1002
integrated itself into the highly competitive, globalized trade architecture. Over the 1089
last three decades, this ongoing process of economic liberalization has completely 1172
transformed several key sectors, particularly information technology, pharmaceutical 1257
manufacturing, and telecommunications. Today, the nation stands proudly as one of 1339
the fastest-growing major economies in the world, boasting a vibrant entrepreneurial 1424
ecosystem and a rapidly expanding, consumption-driven middle class. However, to 1504
sustain this impressive growth momentum and absorb millions of young people 1580
entering the workforce every year, the government launched the highly ambitious 1660
"Make in India" initiative on September 25, 2014. The primary objective of this 1740
comprehensive flagship program is to drastically increase the share of the 1815
manufacturing sector in the Gross Domestic Product (GDP) and transform the country 1898
into a premier global manufacturing hub. To attract multinational corporations 1977
looking to diversify their global supply chains—a strategic transition often termed as 2064
the "China Plus One" strategy—policymakers have aggressively liberalized FDI limits 2148
across various sensitive sectors, including defense production, insurance, and civil 2233
aviation. Furthermore, the introduction of the Production Linked Incentive (PLI) 2314
scheme has provided a massive financial boost to domestic manufacturers, 2387
encouraging them to scale up their production capacities in cutting-edge industries 2471
like semiconductor fabrication, advanced solar-cell manufacturing, and electric 2551
vehicle battery assembly. Despite these highly commendable policy interventions, 2632
several structural bottlenecks continue to hinder the overall competitiveness of the 2717
industrial sector. The chronic lack of world-class logistical infrastructure, complex 2803

and outdated labor laws, and the unpredictable nature of bureaucratic contract 2882
enforcement remain significant concerns for foreign institutional investors. 2959
Recognizing these critical infrastructural deficits, the government has substantially 3045
increased its capital expenditure allocations to construct massive dedicated freight 3130
corridors, modern smart-cities, and high-speed expressways. The successful 3205
implementation of the Goods and Services Tax (GST) in July 2017 was another 3281
monumental legislative achievement, completely overhauling the fragmented, 3356
state-level taxation system and creating a unified, seamless national market. As the 3441
global economic center of gravity steadily shifts towards the Asian continent, India 3526
possesses a unique demographic dividend and a highly skilled, English-speaking 3605
workforce that gives it a distinct competitive advantage. However, unlocking this 3687
immense economic potential requires a continuous, unwavering commitment to deep, 3768
structural reforms, ensuring that the benefits of rapid industrialization are distributed 3858
equitably across all socio-economic strata of the diverse population. Moreover, an 3941
inclusive growth strategy must also prioritize sustainable development, ensuring that 4027
the aggressive pursuit of industrial expansion does not inadvertently lead to severe 4112
ecological degradation or the mass displacement of indigenous communities. By 4190
fostering a transparent, predictable, and highly stable regulatory environment, the 4274
nation can successfully attract the long-term, patient capital required to finance its 4361
massive infrastructure deficit and cement its position as a dominant, indispensable 4445
player in the twenty-first-century global economy. 4496